(c) Detals of the project for which the loan has been taken are as under: —

| Project | Amount (in DM Million) |
|---|---|
| (i) NABARD-VI | 30 0 |
| (ii) Financial Structural Adjustment Programme | 60.0 |
| (iii) Fertiliser -III | 60.0 |
| (iv) Rourkela Steel Plant Modernisation | 27.3 |
| (v) NIC-I Expansion | 37.7 |
| (vi) SIDBI-II | 15.2 |
| TOTAL | 230.2 |

**Defrauding of Nationalised Banks**

2049. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item reported in Times of India dated the 6th January, 1994 stating that a syndicate of cheats duped several nationalised banks to the tune of more thaan Rs. 5 crores, in what is named in banking circles as 'Babina' case;

(b) whether the banking authorities have since indentified the shortcomings in their operational procedure resulting in such frauds; and

(c) what preventive steps Government propose to initiate to curb such frauds in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Reserve Bank of India (RBI) has intimated that State Bank of India and Central Bank of India have reported that in some of their Branches, frauds, involving a total amount of Rs. 131.99 lakhs had been perpetrated wherein the modus operandi is the same. No other nationalised bank has reported this type of fraud to RBI so far.

(b) Yes, Sir.

(c) In order to avoid recurrence of such frauds the banks have issued instructions to their branches to strictly follow the prescribed procedures in regard to opening, conduct and operation of newly opened accounts and ensure obtention of photographs of deposiors at the time of opening of new accounts as per RBI instructions. The branches have also been advised to strictly observe cautionary instructions in regard to verification of signatures on payment advices before acting on them.

**Action against Auditor's firm for non-detection of irregularities by foreign banks**

2050. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item reported in Economic Times of 15th February, 1994 that disciplinary process has been initiated against the firms of auditors involved in the irregularities committed by a number of foreign banks on ready forward deals with non-bank clients in non-SLR securities;

(b) if so, the names of such auditor's firms which failed to detect the difference in the year-end verification of

investments and non-detection of irregularities in transactions on the part of their clients; and

(c) whether, in the event of the finance turning out to be conclusive, Government would debar such audit firms from undertaking similar assignments in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) Yes, Sir.

(b) Since the matter is under investigation, it would not be possible at this stage to indicate the names of audit firms which failed to detect the difference in the year-end verifictiion of investments and irregularities in transactions on the part of their clients.

(c) The Institute of Chartered Accountants of India (ICAI) is the competent authority to determine whether the auditors were guilty of negligence in performance of their duty, and if so, what disciplinary action has to be taken against them. RBI may take appropriate action agtinst audit firms on tne basis of the findings of the ICAI.

**Ad valorem excise on Cigarettes**

2051. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to refer to answer to Unstarred question 49 given in the Rajya Sabha on the 22nd February 1994 and state:

(a) whether Government are aware of any price repositioning of popular brands by escalating prices by which no additional excise revenue acrues to the exchequer;

(b) whether Government have ever considered getting rid of specific length based excise levies and replacing this by ad valorem rates whih are more rational and certain to fetch more excise revenue;

(c) whether by presently levying specific duties length-based, Government are following the basic principle of indirect taxation that the rate should be fixed such that the excise revenue is proportional to value added; and

(d) whether it is a fact that with the existing excise levy, the poor man uses low priced cigarattes pays more excise duty than the rich man who uses high priced cigarettes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The excise duty on cigarettes is specific based on the length of the cigarettes. Excise revenue is not related to their prices.

(b) and (c) Ad valorem duties on cigrettes were statutorily changed into specific duties. The present duty structure and rttes have been prescribed after taking into consideration all relevant aspects including price of cigarettes.

As advalorem duties on cigarettes were statutorily changed into specific duties, it would not be correct to say that the Government would have gained more revenue if the duty is on ad valorem basis.

(d) The exise duty on cigarette is only one of the components of the price of the cigarettes. In the case of commodities subject to specific duty, the advalorem incidence will vary with their value and cigarettes are no exceptions to this.

**Duping of SBI and Stanchart by Apollo Company**

2052. SHRI V. GOPALSAMY: Will the Minister of FINANCE be leased to state:

(a) whether Government's attention has been drawn to news item "Apollo Tubes dupes SBI, Stanchart of Rs. 10 cr. appeared in Indian Express recently;

(b) wnether RBI has looked into thetse allegation against the company; and

(c) if so, what are the findings?